

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. 13-173 (CKK)
	:	
	:	
	:	VIOLATIONS:
v.	:	
	:	2 U.S.C. §§ 441f and 437g(d)(1)(A)(ii)
	:	(Contribution in the Name of Another)
LEE A. CALHOUN,	:	
	:	18 U.S.C. § 2 (Aiding and Abetting and
Defendant.	:	Causing an Act to be Done)

STATEMENT OF THE OFFENSE

Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, defendant LEE A. CALHOUN and the United States agree and stipulate that at all relevant times:

Individuals and Entities

1. Defendant Lee A. Calhoun ("CALHOUN"), a resident of the State of Maryland, worked for a for-profit corporation ("COMPANY A") that provided accounting, management consulting, and tax services. CALHOUN worked at COMPANY A's main office in the District of Columbia, where he served as a principal in the management and consulting division since in or about 2000.
2. EXECUTIVE A, a resident of the District of Columbia, was a named partner, Chairman and Chief Executive Officer, and the majority owner of COMPANY A. EXECUTIVE A worked at COMPANY A's main office in the District of Columbia.
3. EMPLOYEE A, a resident of the Commonwealth of Virginia, worked at COMPANY A's principal office in the District of Columbia, and served as the Controller.

The Unlawful Conduit Reimbursement Scheme

4. EXECUTIVE A and COMPANY A, in association with others, raised money and hosted numerous fundraising events for political candidates and committees, as well as multi-candidate political action committees ("PACs"). These fundraisers were primarily held at COMPANY A's offices in the District of Columbia, and were purportedly organized to raise money for various political candidates running for, among other offices, President of the United States, U.S. Senate, U.S. House of Representatives, Mayor of the District of Columbia, Council of the District of Columbia, and other D.C. and state government elected offices. The fundraisers were often hosted by COMPANY A's partners and principals, as well as others, and CALHOUN was listed as a host for at least two political fundraisers. The fundraisers were generally attended by partners, principals, and employees of COMPANY A, as well as independent contractors and others associated with COMPANY A or EXECUTIVE A.

5. Beginning at least as early as June 2002 and continuing until in or about June 2011, in the District of Columbia and elsewhere, at the direction of EXECUTIVE A and others acting on EXECUTIVE A's behalf, CALHOUN used his name and the names of his family members to disguise campaign contributions made by EXECUTIVE A and COMPANY A to federal, District of Columbia, and other political campaign committees and PACs. Specifically, CALHOUN caused political contributions by EXECUTIVE A and COMPANY A to be made in CALHOUN'S name and the names of his relatives, knowing that he would be reimbursed for the contributions, directly and indirectly, by EXECUTIVE A and COMPANY A. Having read, understood, and signed campaign donor forms that expressly described campaign finance restrictions, including, in some instances, the applicable contribution limits and the requirement

that contributions be made from a donor's personal funds, CALHOUN knew that it was illegal to be reimbursed for contributions that he made in his name and the names of his relatives when CALHOUN knew that EXECUTIVE A and COMPANY A were the real contributors. CALHOUN knowingly accepted unlawful reimbursement payments for numerous political campaign contributions.

6. Based on CALHOUN's interactions with others at COMPANY A, and his observations of EXECUTIVE A and other partners, principals, and employees of COMPANY A, CALHOUN believed that many other individuals were being reimbursed by EXECUTIVE A and COMPANY A for their political contributions.

7. During the calendar years 2002 through 2011, as set forth in the table below, at the direction of EXECUTIVE A and others acting at EXECUTIVE A's behest, CALHOUN caused at least \$79,400 in federal political contributions from EXECUTIVE A and COMPANY A to be made in CALHOUN'S name and the names of his relatives, including contributions to PACs and the campaign committees of candidates who were running for President of the United States, U.S. Senate, and U.S. House of Representatives.

Year	Calhoun Conduit Federal Contributions
2002	\$2,000
2003	\$1,000
2004	\$4,250
2005	\$4,500
2006	\$11,200
2008	\$42,200
2009	\$250
2010	\$13,400
2011	\$4,600
Total	\$83,400

8. Through this scheme, EXECUTIVE A, COMPANY A, CALHOUN and others caused various campaigns and PACs to file reports with the Federal Election Commission (“FEC”) falsely stating that CALHOUN and his relatives had made federal campaign contributions, when in truth and in fact the contributions were made by EXECUTIVE A and COMPANY A. These reports were materially false as they concealed from the FEC that EXECUTIVE A and COMPANY A were the true sources of these unlawful federal campaign contributions.

9. During the calendar years 2002 through 2011, as set forth in the table below, at the direction of EXECUTIVE A and others acting at EXECUTIVE A’s behest, CALHOUN caused at least \$76,600 in District of Columbia political contributions from EXECUTIVE A and COMPANY A to be made in CALHOUN’S name and the names of his relatives, including contributions to the campaign committees of candidates running for Mayor and D.C. Council, among other elected offices.

Year	Calhoun Conduit D.C. Contributions
2002	\$5,600
2003	\$2,000
2004	\$5,500
2005	\$10,000
2006	\$17,500
2007	\$1,000
2008	\$13,000
2009	4,000
2010	\$15,000
2011	\$3,000
Total	\$76,600

10. CALHOUN also made political contributions in his and his family members' names for local and state political candidates and campaigns in other states and United States territories, for which EXECUTIVE A caused COMPANY A to reimburse CALHOUN.

**Concealing Unlawful Campaign Contributions in
COMPANY A's Books and Avoiding Individual Tax Consequences**

11. At times, CALHOUN observed EXECUTIVE A, EMPLOYEE A, and other employees in COMPANY A's accounting department refer to reimbursements for political contributions as "advances" or "advances on bonus." Some of CALHOUN's reimbursement checks from COMPANY A included the notation, "advance on bonus," "ADV," or "AOB." These terms were inaccurate, as the reimbursement payments to CALHOUN were not, in fact, advances or advances on bonuses to CALHOUN. At no point were any reimbursement payments deducted from CALHOUN's salary or bonus. Nor did EXECUTIVE A or anyone from COMPANY A ever suggest to CALHOUN that he owed anything to EXECUTIVE A or COMPANY A for the reimbursement payments he received for political contributions.

12. Soon after CALHOUN began receiving reimbursements for making political contributions, CALHOUN received assurances from EXECUTIVE A that CALHOUN would not have to pay taxes on the reimbursement payments.

13. CALHOUN learned that COMPANY A maintained an account in its financial records where payments to CALHOUN, including political campaign reimbursements, were recorded. In or about April 2007, EXECUTIVE A directed CALHOUN and EMPLOYEE A to "true up" this account, meaning to bring the account balance to zero by including it as part of CALHOUN'S income.

14. In or about April 2007, COMPANY A's account for CALHOUN had a balance of \$78,000, which included reimbursements for political campaign contributions. To settle the account, this amount would be treated as income earned by CALHOUN during the 2007 tax year. To avoid CALHOUN having to pay income tax on this amount, however, EMPLOYEE A recorded the amount of income to CALHOUN as \$125,000, instead of \$78,000. The difference of \$47,000 purportedly would be used to pay federal and state tax withholdings to offset the income tax that CALHOUN would owe from declaring the political contribution reimbursements that he had received from EXECUTIVE A and COMPANY A.

15. CALHOUN later received a W-2 tax form from COMPANY A for 2007, which reflected an increase in CALHOUN'S salary of more than \$125,000 from 2006. As a result, COMPANY A, EXECUTIVE A, and EMPLOYEE A caused CALHOUN'S income to be overstated in order to offset the tax consequences of the political contribution reimbursements that CALHOUN had received.

16. On at least one other occasion, in or about 2011, EXECUTIVE A and EMPLOYEE A had discussions with CALHOUN about the need to true up his account again. EXECUTIVE A signed a document that purported to calculate a \$321,900 bonus to CALHOUN based on business that CALHOUN had developed for COMPANY A. CALHOUN understood that the purported bonus was only to conceal the reimbursements that he had received from COMPANY A for his political contributions. CALHOUN never received a bonus or a W-2 reflecting a payment of \$321,900.

17. In contrast to the unlawful campaign contribution reimbursements that CALHOUN received from COMPANY A, CALHOUN sometimes received legitimate loans and

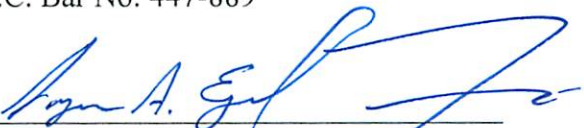
merit-based bonuses from COMPANY A. CALHOUN's legitimate bonuses and loans from COMPANY A had nothing to do with the political campaign reimbursements that he received from COMPANY A.

18. CALHOUN engaged in the conduct described above knowingly, corruptly, and willfully and not because of accident, mistake, or other innocent reason.

This statement of the offense is not intended to constitute a complete recitation of all facts known by CALHOUN, but is, instead, intended to provide the necessary legal basis for the guilty plea.

RONALD C. MACHEN JR.
United States Attorney
D.C. Bar No. 447-889


By:


Loyaan A. Egal, New York Bar
Ephraim (Fry) Wernick, D.C. Bar No. 497-158
Assistant United States Attorneys
United States Attorney's Office
555 Fourth Street, N.W.
Washington, DC 20530
loyaan.egal@usdoj.gov
ephraim.wernick@usdoj.gov
(202) 252-7809 (AUSA Egal)
(202) 252-7092 (AUSA Wernick)

DEFENDANT'S ACCEPTANCE

I have read every word of this Statement of Offense. Pursuant to Rule 11 of the Federal Rules of Criminal Procedure, after consulting with my attorney, I agree and stipulate to this Statement of the Offense, and declare under penalty of perjury that it is true and correct.

6-20-13
Date

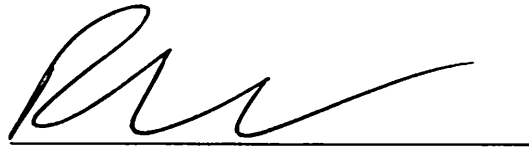


Lee A. Calhoun
Defendant

ATTORNEY'S ACKNOWLEDGEMENT

I have discussed this Statement of Offense with my client, Lee A. Calhoun, and I concur with his decision to stipulate to this Statement of the Offense.

6-20-13
Date



Edward B. MacMahon, Jr., Esquire
Attorney for Defendant Lee A. Calhoun